

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION**

Independent Auditors' Reports
Basic Financial Statements and
Required Supplementary Information
Schedule of Findings

June 30, 2021 and 2020

CARROLL COUNTY SOLID WASTE MANAGEMENT COMMISSION

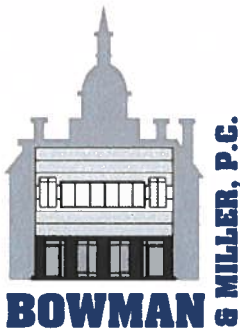
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CARROLL COUNTY SOLID WASTE MANAGEMENT COMMISSION

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
<u>Executive Board</u>		
Jeff Anthofer	Chairperson	City of Coon Rapids
Dr. Eric Jensen	Vice-Chairperson	City of Carroll
Harvey Dales	Secretary/Treasurer	City of Manning
Dan Snyder	Member	City of Breda
Scott Johnson	Member	Carroll County
<u>Members</u>		
John Liechti	Member	City of Arcadia
Robert Sporrer	Member	City of Dedham
Roger Hartwigsen	Member	City of Glidden
Nicole Martin	Member	City of Halbur
Robert Main	Member	City of Lanesboro
Max Wenck	Member	City of Lidderdale
Chad Stevens	Member	City of Ralston
Ken Behrens	Member	City of Templeton
John Guinan	Member	City of Willey
Mary Wittry	Director	
Cathy Toms	Office Manager	



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Independent Auditors' Report

To the Members of the Carroll County Solid
Waste Management Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the Carroll County Solid Waste Management Commission as of and for the years ended June 30, 2021 and 2020, and the related Notes to Financial Statements which collectively comprise the Carroll County Solid Waste Management Commission's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Carroll County Solid Waste Management Commission as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability, the Schedule of Commission Contributions and the Schedule of Changes in the Commission's Total OPEB Liability, Related Ratios and Notes on pages 4 through 9 and pages 29 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2021 on our consideration of the Carroll County Solid Waste Management Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carroll County Solid Waste Management's Commission's internal control over financial reporting and compliance.

Bowman & Miller, P.C.

November 9, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Carroll County Solid Waste Management Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the years ended June 30, 2021 and 2020. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

STATEMENT OF PURPOSE

The Carroll County Solid Waste Management Commission was formed in 1971 with the express intent of providing cost-effective and environmentally sound solid waste management options for the citizens of Carroll County. The goals of the Commission remain the same as they were in 1971:

- ◆ to operate a cost-effective solid waste facility;
- ◆ to operate an environmentally sound solid waste facility;
- ◆ to comply with federal and state solid waste management regulations for operating a solid waste management facility including compliance with the waste management hierarchy:
 - source reduction
 - recycling
 - energy recovery
 - volume reduction
 - state-of-the-art land filling
- ◆ to educate users of the Commission's facilities about proper waste management.

2021 FINANCIAL HIGHLIGHTS

- ◆ The Commission's operating revenues increased 13.6%, or \$442,184, from fiscal year 2020 to fiscal year 2021. Gate fees and product sales increased while County and City assessments remained virtually the same.
- ◆ The Commission's operating expenses decreased 15.2%, or \$544,329, from fiscal year 2020 to fiscal year 2021.
- ◆ The Commission's net position increased 6.5%, or \$827,527 from June 30, 2020 to June 30, 2021.

USING THIS ANNUAL REPORT

The Carroll County Solid Waste Management Commission is a 28E organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to the Carroll County Solid Waste Management Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statements of Net Position present information on the Commission's assets and deferred outflows of resources less the Commission's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position are the basic statements of activities for proprietary funds. These statements present information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statements of Cash Flows present the change in the Commission's cash and cash equivalents during the year. This information can assist readers of the report in determining how the Commission financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Commission's proportionate share of the net pension liability and related contributions as well as presenting the Schedule of Changes in the Commission's Total OPEB Liability, Related Ratios and Notes.

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The Commission's net position at the end of fiscal year 2021 totaled approximately \$13,560,000. This compares to approximately \$12,733,000 at the end of fiscal year 2020. A summary of the Commission's net position is presented on the following page.

Net Position		
	June 30,	
	2021	2020
Current assets	\$ 6,724,824	5,124,263
Restricted investments	3,349,969	3,136,752
Capital assets at cost, less accumulated depreciation	6,774,925	7,732,078
Total assets	16,849,718	15,993,093
Deferred outflows of resources	148,574	107,994
Current liabilities	224,924	356,259
Noncurrent liabilities	3,196,582	2,947,949
Total liabilities	3,421,506	3,304,208
Deferred inflows of resources	16,558	64,178
Net position:		
Net investment in capital assets	6,774,925	7,732,078
Restricted	768,928	676,426
Unrestricted	6,016,375	4,324,197
Total net position	\$ 13,560,228	12,732,701

The unrestricted portion of the Commission's net position (44.4%) may be used to meet the Commission's obligations as they come due. Currently, the Commission has designated \$5,261,571 of those unrestricted funds for future capital improvements and expansion. The invested in capital assets (e.g. land, buildings, and equipment) portion of net position (50.0%) are resources allocated to capital assets. The remaining net position (5.6%) is restricted for closure and postclosure care. State and federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure.

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste, assessments from the residents of the County, recycling processing fees and product sales. Operating expenses are expenses paid to operate the landfill and recycling center as well as to provide household hazardous waste and education programs. Non-operating revenues typically include interest income, grant income, rental income, insurance proceeds and gain on sale of capital assets. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020 is presented on the following page.

Changes in Net Position		
	Year ended June 30,	
	2021	2020
Operating revenues:		
Gate fees	\$ 2,705,432	2,565,138
County and city assessments	253,996	254,008
Product sales and processing fees	648,427	349,375
Other operating revenues	89,705	86,855
Total operating revenues	<u>3,697,560</u>	<u>3,255,376</u>
Operating expenses:		
Salaries	569,830	588,486
Employee benefits	261,983	225,838
Advertising	22,758	32,693
Depreciation	1,126,084	1,314,518
Closure and postclosure care	120,715	372,943
Drop box service	40,463	47,372
Education and training	9,052	10,247
Long range planning and engineering	281,304	299,263
Fuel	75,232	76,189
Freight	842	7,285
Insurance	52,898	53,753
Iowa Department of Natural Resources tonnage fees	228,710	223,364
Lab fees	30,309	21,398
Legal and accounting	13,925	17,970
Miscellaneous	5,726	16,231
Office supplies	9,303	16,153
Outside services	9,463	39,072
Repairs and improvements	117,629	91,617
Site maintenance	19,323	43,810
Supplies - general	12,218	38,638
Telephone	3,071	3,080
Toxic waste fees	14,463	23,938
Travel	1,047	3,201
Utilities	9,595	13,213
Total operating expenses	<u>3,035,943</u>	<u>3,580,272</u>
Operating income (loss)	<u>661,617</u>	<u>(324,896)</u>
Non-operating revenues:		
Grant income	18,252	88,364
Rental income	28,530	28,324
Interest income	91,669	124,587
Insurance proceeds	26,959	18,908
Gain on sale of capital assets	500	58,542
Total non-operating revenues	<u>165,910</u>	<u>318,725</u>
Change in net position	827,527	(6,171)
Net position beginning of year	<u>12,732,701</u>	<u>12,738,872</u>
Net position end of year	<u>\$ 13,560,228</u>	<u>12,732,701</u>

The Statements of Revenues, Expenses and Changes in Net Position reflect a positive year financially with an increase in net position at the end of the current fiscal year. In fiscal year 2021, operating revenues increased \$442,184, or 13.6%, which was primarily a result of gate fees and product sales increasing by over \$140,000 and 222,000, respectively. Operating expenses decreased by \$544,329, or 15.2%. The decrease was mainly due to decreases in depreciation and closure and postclosure care expenses as a result of completing a major cell expansion project last fiscal year.

Statements of Cash Flows

The Statements of Cash Flows present information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees, assessments and recycling processing and product sales reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes the purchase and disposal of capital assets. Cash provided and used by investing activities includes the purchase and redemption of certificates of deposit and rental and interest income.

CAPITAL ASSETS

At June 30, 2021, the Commission had approximately \$6,774,900 invested in capital assets, net of accumulated depreciation of approximately \$11,758,200. Depreciation expense totaled \$1,126,084 for fiscal year 2021. More detailed information about the Commission's capital assets is presented in Note 3 to the financial statements.

LONG-TERM LIABILITIES

At June 30, 2021, the Commission had \$3,196,582 in long-term liabilities, an increase of \$248,633 from June 30, 2020. Additional information about the Commission's long-term liabilities is presented in Note 4, Note 5 and Note 6 to the financial statements.

ECONOMIC FACTORS

The Carroll County Solid Waste Management Commission continued to maintain its strong financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities which may potentially become challenges for the Commission to meet are:

- ◆ Facilities and equipment owned and operated by the Commission require constant maintenance, upkeep and upgrades. The Commission continues to designate funds for future equipment upgrades and replacement.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- ◆ Mandatory annual deposits to be made to closure and postclosure care accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- ◆ Volatile market prices for processed recyclable materials continue to present a budgeting challenge. Fluctuating tonnage delivered for processing due to outside organizations, companies and individuals marketing the products directly presents staffing and budgeting challenges.
- ◆ Federal and State solid waste legislation and rule revisions particularly from the Environmental Protection Agency and the Iowa Department of Natural Resources Air Quality Division continue to effect current operating costs and long-term closure and postclosure care costs.

The Commission continues to be part of the Environmental Management System (EMS) through the Iowa Department of Natural Resources. This program is voluntary and focuses on continuous environmental improvements. The Commission is also part of the West Central Iowa Solid Waste Management Association. The Association continues to work together in providing solid waste and recycling programs in the servicing area.

The Commission finished construction of a new cell expansion project during last fiscal year (2020) and has begun accepting waste in this new area. It is estimated the airspace available to continue disposal operations without anymore construction will be available through 2033 given the current waste flow. The Commission has adopted a policy of designating solid waste fees collected from outside counties for future expansion. The amount so designated at June 30, 2021 is \$4,223,573.

The Commission anticipates the current fiscal year will be much like the last and will continue to maintain a close watch over resources to ensure the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carroll County Solid Waste Management Commission, 19111 Kittyhawk Avenue, Carroll, Iowa 51401.

CARROLL COUNTY SOLID WASTE MANAGEMENT COMMISSION

Statements of Net Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash	\$ 1,050,997	836,891
Investments	5,261,571	3,895,596
Receivables:		
Trade accounts	297,297	277,271
Interest	18,843	36,595
Grant	1,714	11,935
Inventory	68,427	32,701
Prepaid insurance	25,975	33,274
Total current assets	<u>6,724,824</u>	<u>5,124,263</u>
Noncurrent assets:		
Restricted investments	3,349,969	3,136,752
Capital assets, net of accumulated depreciation	<u>6,774,925</u>	<u>7,732,078</u>
Total noncurrent assets	<u>10,124,894</u>	<u>10,868,830</u>
Total assets	<u>16,849,718</u>	<u>15,993,093</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>148,574</u>	<u>107,994</u>
Liabilities		
Current liabilities:		
Accounts payable	110,802	246,504
Accrued compensated absences	100,409	98,244
Deferred revenue	13,713	11,511
Total current liabilities	<u>224,924</u>	<u>356,259</u>
Noncurrent liabilities:		
Landfill closure and postclosure care	2,581,041	2,460,326
Net pension liability	493,475	373,894
Total OPEB liability	122,066	113,729
Total noncurrent liabilities	<u>3,196,582</u>	<u>2,947,949</u>
Total liabilities	<u>3,421,506</u>	<u>3,304,208</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>16,558</u>	<u>64,178</u>
Net position		
Net investment in capital assets	6,774,925	7,732,078
Restricted for:		
Closure and postclosure care	768,928	676,426
Unrestricted	<u>6,016,375</u>	<u>4,324,197</u>
Total net position	<u>\$ 13,560,228</u>	<u>12,732,701</u>

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Statements of Revenues, Expenses and
Changes in Net Position
Years ended June 30, 2021 and 2020**

Exhibit B

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Gate fees	\$ 2,705,432	2,565,138
County and city assessments	253,996	254,008
Product sales	482,646	260,152
Outside county processing fees	165,781	89,223
Iowa Department of Natural Resources fees retained	87,295	85,842
Other operating revenues	2,410	1,013
Total operating revenues	<u>3,697,560</u>	<u>3,255,376</u>
Operating expenses:		
Salaries	569,830	588,486
Employee benefits	261,983	225,838
Advertising	22,758	32,693
Depreciation	1,126,084	1,314,518
Closure and postclosure care	120,715	372,943
Drop box service	40,463	47,372
Education and training	9,052	10,247
Long range planning and engineering	281,304	299,263
Fuel	75,232	76,189
Freight	842	7,285
Insurance	52,898	53,753
Iowa Department of Natural Resources tonnage fees	228,710	223,364
Lab fees	30,309	21,398
Legal and accounting	13,925	17,970
Miscellaneous	5,726	16,231
Office supplies	9,303	16,153
Outside services	9,463	39,072
Repairs and improvements	117,629	91,617
Site maintenance	19,323	43,810
Supplies - general	12,218	38,638
Telephone	3,071	3,080
Toxic waste fees	14,463	23,938
Travel	1,047	3,201
Utilities	9,595	13,213
Total operating expenses	<u>3,035,943</u>	<u>3,580,272</u>
Operating income (loss)	<u>661,617</u>	<u>(324,896)</u>
Non-operating revenues:		
Grant income	18,252	88,364
Rental income	28,530	28,324
Interest income	91,669	124,587
Insurance proceeds	26,959	18,908
Gain on sale of capital assets	500	58,542
Total non-operating revenues	<u>165,910</u>	<u>318,725</u>
Change in net position	827,527	(6,171)
Net position beginning of year	<u>12,732,701</u>	<u>12,738,872</u>
Net position end of year	<u>\$ 13,560,228</u>	<u>12,732,701</u>

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION**
Statements of Cash Flows
Years ended June 30, 2020 and 2019

Exhibit C

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from gate fees	\$ 2,687,608	2,574,017
Cash received from assessments	253,996	254,008
Cash received from product sales and processing fees	648,427	349,375
Cash received from other operating receipts	89,705	86,855
Cash paid to suppliers for goods and services	(1,119,295)	(1,248,392)
Cash paid to employees for services	(792,095)	(795,366)
Net cash provided by operating activities	<u>1,768,346</u>	<u>1,220,497</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(168,931)	(1,202,232)
Proceeds from sale of capital asset	500	65,000
Grant proceeds	28,473	76,429
Insurance proceeds	26,959	18,908
Net cash used by capital and related financing activities	<u>(112,999)</u>	<u>(1,041,895)</u>
Cash flows from investing activities:		
Purchase of certificates of deposit, net - restricted	(213,217)	(380,709)
Proceeds from (purchase of) certificates of deposit, net - unrestricted	(1,365,975)	(694,410)
Rental income	28,530	28,324
Interest received	109,421	121,964
Net cash used by investing activities	<u>(1,441,241)</u>	<u>(924,831)</u>
Net increase (decrease) in cash and cash equivalents	214,106	(746,229)
Cash and cash equivalents beginning of year	<u>836,891</u>	<u>1,583,120</u>
Cash and cash equivalents end of year	<u>\$ 1,050,997</u>	<u>836,891</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ <u>661,617</u>	<u>(324,896)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,126,084	1,314,518
Closure and postclosure care	120,715	372,943
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(20,026)	7,656
(Increase) decrease in inventory	(35,726)	(18,876)
(Increase) decrease in prepaid insurance	7,299	1,490
Increase (decrease) in accounts payable	(135,702)	(181,056)
Increase (decrease) in accrued compensated absences	2,165	28,537
Increase (decrease) in deferred revenue	2,202	1,223
Increase (decrease) in net pension liability	119,581	(26,262)
Increase (decrease) in total OPEB liability	8,337	3,315
(Increase) decrease in deferred outflows of resources	(40,580)	14,835
Increase (decrease) in deferred inflows of resources	(47,620)	27,070
Total adjustments	<u>1,106,729</u>	<u>1,545,393</u>
Net cash provided by operating activities	<u>\$ 1,768,346</u>	<u>1,220,497</u>

See notes to financial statements.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements
June 30, 2021 and 2020**

(1) Summary of Significant Accounting Policies

The Carroll County Solid Waste Management Commission (the Commission) is a joint undertaking of Carroll County and the municipalities of Carroll County organized pursuant to the provisions of Code Section 28E of the Iowa Code. The Commission was established for the purpose of developing, operating and maintaining solid waste facilities for and on behalf of the municipalities who are members. In 1990, construction was completed on a recycling plant for Carroll County. Since becoming operational in November 1990, the plant has become a regional center for recycling.

The Commission is composed of an elected representative from the governing body of each participating governmental jurisdiction. A five-member executive board is elected, consisting of a member from the City of Carroll, a representative from the Carroll County Board of Supervisors and three at-large members. Each member shall be entitled to one vote for each 1,000 people or fraction thereof as determined by the most recent general federal census.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Carroll County Solid Waste Management Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

The Statements of Net Position present the Carroll County Solid Waste Management Commission's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(1) Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statements of Net Position:

Cash, Cash Equivalents and Investments – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2021 and 2020 include certificates of deposit of \$8,611,540 and \$7,032,348, respectively.

Restricted Investments – Certificate of deposit funds set aside for payment of closure and postclosure care costs are classified as restricted as detailed in Note 6.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(1) Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Accounts Receivable – Accounts receivable represent amounts billed for waste disposal services at June 30, 2021 and 2020. The Commission grants credit to customers, many of who are local haulers or residents. Due to the Commission's policy to deny continued service to customers with past due bills, management believes uncollectible accounts are negligible. Therefore, no allowance for uncollectible accounts has been recorded.

Inventory – Inventory that is recorded on the books at June 30, 2021 and 2020 consists of recycling bags and bins which are carried at cost, principally on a first-in, first-out basis, but not in excess of market. The recycling center also has on hand marketable processed recyclables which are carried at market value.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Buildings are depreciated over fifteen to twenty-five years and equipment is depreciated over a five to fifteen year life. Reportable capital assets are defined by the Commission as assets with initial, individual costs in excess of \$1,000 and estimated useful lives in excess of one year.

In accordance with Governmental Accounting Standards, the lives of certain facilities and equipment may be adjusted to coincide with the remaining estimated useful life of the landfill. In addition, equipment and facilities included in the estimated total current cost of closure and post-closure care are not reported as capital assets, but will be reported as a reduction of the accrued liability when they are acquired.

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the years ended June 30, 2021 and 2020.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(1) Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Commission after the measurement date but before the end of the Commission's reporting period.

Compensated Absences – Commission employees accumulate earned but unused vacation hours and personal time off (PTO) hours for subsequent use or for payment upon termination, death or retirement. The Commission's liability for accumulated vacation and PTO hours has been computed based on rates of pay in effect at June 30, 2021 and 2020, and is treated as a current payable at that date.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Carroll County Solid Waste Management Commission's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statements of Net Position consist of unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(2) Cash, Cash Equivalents and Investments

The Commission's deposits in banks at June 30, 2021 and 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to ensure there will be no loss of public funds. The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 577,767	—	—	577,767
Capital assets being depreciated:				
Buildings	3,052,048	8,655	—	3,060,703
Landfill improvements	10,124,690	—	—	10,124,690
Landfill equipment	3,447,984	160,276	72,787	3,535,473
Recycling equipment	1,212,793	—	—	1,212,793
Office equipment	21,660	—	—	21,660
Total capital assets being depreciated	17,859,175	168,931	72,787	17,955,319
Less accumulated depreciation for:				
Buildings	1,230,785	102,361	—	1,230,785
Landfill improvements	7,385,777	611,091	—	7,385,777
Landfill equipment	1,663,946	330,006	72,787	1,663,946
Recycling equipment	404,029	82,350	—	404,029
Office equipment	20,327	276	—	20,327
Total accumulated depreciation	10,704,864	1,126,084	72,787	11,758,161
Total capital assets being depreciated, net	7,154,311	(957,153)	—	6,197,158
Total capital assets, net	\$ 7,732,078	(957,153)	—	6,774,925

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Commission, except those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(4) Pension Plan (Continued)

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Commission contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Commission's contributions to IPERS for the year ended June 30, 2021 totaled \$53,482.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the Commission reported a liability of \$493,475 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the Commission's proportion was 0.0070248%, which was an increase of 0.0005680% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Commission recognized pension expense of \$84,863. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 545	11,697
Changes of assumptions	25,330	-
Net difference between projected and actual earnings on IPERS investments	27,741	-
Changes in proportion and differences between Commission contributions and the Commission's proportionate share of contributions	41,476	4,861
Commission's contributions subsequent to the measurement date	53,482	-
Total	<u>\$ 148,574</u>	<u>16,558</u>

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(4) Pension Plan (Continued)

\$53,482 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ 14,007
2023	19,185
2024	18,260
2025	23,665
2026	3,417
Total	<u>\$ 78,534</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation	
(effective June 30, 2017)	2.60% per annum.
Rates of salary increase	3.25 to 16.25% average, including inflation.
(effective June 30, 2017)	Rates vary by membership group.
Long-term investment rate of return	7.00% compounded annually, net of investment
(effective June 30, 2017)	expense, including inflation.
Wage growth	3.25% per annum, based on 2.60% inflation and
(effective June 30, 2017)	0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(4) Pension Plan (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0 %	4.43 %
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	0.78
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0 %	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Commission's proportionate share of the net pension liability	\$ 822,828	\$ 493,475	\$ 217,318

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(4) Pension Plan (Continued)

Payables to IPERS – At June 30, 2021, the Commission reported no payables to IPERS for legally required Commission contributions and for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(5) Other Postemployment Benefits (OPEB)

Plan Description – The Commission administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the Carroll County Solid Waste Management Commission and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	12
Total	<u>12</u>

Total OPEB Liability – The Commission's total OPEB liability of \$122,066 was measured as of June 30, 2021 and was determined using the alternative measurement method (AMM) valuation report as of June 30, 2020.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 AMM valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2020)	2.21% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	7.00% initial rate decreasing by 0.5% annually to an ultimate rate of 5.00%

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(5) Other Postemployment Benefits (OPEB) (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 2.21% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 2014 United States Life Tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities which closely mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding dates to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 113,729
Changes for the year:	
Service cost	7,261
Interest	2,639
Difference between expected and actual experience	(13,667)
Changes of assumptions	12,104
Benefit payments	-
Net changes	<u>8,337</u>
Total OPEB liability end of year	<u>\$ 122,066</u>

Sensitivity of the Commission's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 128,153	\$ 122,066	\$ 115,492

Sensitivity of the Commission's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1% lower (6.0% to 4.0%) or 1% higher (8.0% to 6.0%) than the current healthcare cost trend rates.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(5) Other Postemployment Benefits (OPEB) (Continued)

	1% Decrease (6.00% to 4.00%)	Healthcare Cost Trend Rate (7.00% to 5.00%)	1% Increase (8.00% to 6.00%)
Total OPEB liability	\$ 111,242	\$ 122,066	\$ 134,483

OPEB Expense – For the year ended June 30, 2021, the Commission recognized OPEB expense of \$8,337.

Since AMM procedures were used in the valuation, changes of assumptions and the difference between expected and actual experience with regard to economic and demographic factors are immediately recognized in OPEB expense resulting in no deferred inflows or deferred outflows.

(6) Closure and Postclosure Care

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(6) Closure and Postclosure Care (Continued)

These costs for the Commission have been estimated at \$2,764,078 for closure care and \$1,528,365 for postclosure care, for a total of \$4,292,443 as of June 30, 2021, and the portion of the liability that has been recognized is \$2,581,041. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2021. Actual costs may be higher due to inflation, changes in technology or changes in regulations. During the year ended June 30, 2021, the total amount of waste disposed of at the facility was 81,012 tons, and the estimated remaining capacity of the landfill at June 30, 2021 was 954,733 tons.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, at June 30, 2021, assets of \$3,349,969 are held for these purposes. They are reported as restricted investments in the Statements of Net Position.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Commission must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows the Commission to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Commission is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(7) Solid Waste Tonnage Fees Retained

The Commission has established an account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa.

At June 30, 2021, the Commission had no unspent amounts retained and restricted for the required purposes.

(8) Risk Management

The Commission is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The Commission's contributions to the Pool for the years ended June 30, 2021 and 2020 were \$25,493 and \$25,076, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(8) Risk Management (Continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event of a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in the Commission's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation in the amount of \$1,000,000. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Agreements with Outside Counties

The Commission has entered into a number of contracts with outside counties to provide landfill and/or recycling services. These agreements expire on various dates. Generally, while landfill usage affects the life of the current space available, recycling services are being offered without significantly increasing expenses.

(10) Grants

Since the Commission is part of the EMS program through the Iowa DNR, they typically receive grant funds to be used for specific purposes. During the year, the Commission was awarded EMS grants totaling \$17,252 to be used for a variety of projects including the installation of solar panels, the purchase of recycling trailers, direct mailings of educational material and to help with the costs of starting a social media marketing campaign. During the year, the Commission also received a \$1,000 ICAP Safety grant.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(11) Designated Funds

The Commission has adopted policies to establish designated accounts for future landfill expansion and future capital improvements to equipment and facilities. Of the Commission's total \$6,016,375 unrestricted net assets at June 30, 2021, the Commission has designated \$1,037,998 and \$4,223,573 for future capital improvements and landfill expansion, respectively.

(12) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the Commission, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the Commission. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Commission.

(13) Subsequent Event

In September 2021, the Commission applied for an environmental covenant through the Iowa Department of Natural Resources seeking to end post-closure care requirements on the landfill area that opened in 1973 and closed in 2007. If approved, the closed area will no longer be regulated under the Chapter 113 rules for sanitary landfills. In addition, annual monitoring and testing requirements would be drastically reduced which would have a positive effect on the Commission's financial statements.

Management has evaluated subsequent events through November 9, 2021, the date on which the financial statements were available to be issued.

Required Supplementary Information

CARROLL COUNTY SOLID WASTE MANAGEMENT COMMISSION

Schedule of the Commission's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System

For the Last Seven Years*

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commission's proportion of the net pension liability	0.0070248 %	0.0064568 %	0.0063233 %
Commission's proportionate share of the net pension liability	\$ 493,475	373,894	400,156
Commission's covered payroll	\$ 557,503	491,392	475,263
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	88.52 %	76.09 %	84.20 %
IPERS' net position as a percentage of the total pension liability	82.90 %	85.45 %	83.62 %

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0060636 %	0.006495 %	0.006354 %	0.006003 %
403,915	405,072	313,936	242,951
452,620	461,910	435,331	400,856
89.24 %	87.70 %	72.11 %	60.61 %
82.21 %	81.82 %	85.19 %	87.61 %

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION**
Schedule of Commission Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 53,482	52,628	46,387	42,441
Contributions in relation to the statutorily required contribution	<u>(53,482)</u>	<u>(52,628)</u>	<u>(46,387)</u>	<u>(42,441)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 566,545	557,503	491,392	475,263
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
40,419	41,249	38,875	35,797	34,862	32,109
<u>(40,419)</u>	<u>(41,249)</u>	<u>(38,875)</u>	<u>(35,797)</u>	<u>(34,862)</u>	<u>(32,109)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
452,620	461,910	435,331	400,856	402,099	397,881
8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION**
Notes to Required Supplementary Information - Pension Liability
Year Ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION**
Schedule of Changes in the Commission's
Total OPEB Liability, Related Ratios and Notes
For the Last Three Years
Required Supplementary Information

	2021	2020	2019
Service cost	\$ 7,261	6,133	5,954
Interest cost	2,639	4,371	4,114
Difference between expected and actual experience	(13,667)	(7,189)	-
Changes in assumptions	12,104	-	-
Benefit payments	-	-	-
Net change in total OPEB liability	8,337	3,315	10,068
Total OPEB liability beginning of year	113,729	110,414	100,346
Total OPEB liability end of year	\$ 122,066	113,729	110,414
Covered-employee payroll	\$ 566,545	557,503	491,392
Total OPEB liability as a percentage of covered-employee payroll	21.5%	20.4%	22.5%

**Notes to Schedule of Changes in the Commission's Total OPEB Liability and
Related Ratios**

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2021	2.21%
Year ended June 30, 2020	3.87%
Year ended June 30, 2019	3.87%



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Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of the Carroll County Solid
Waste Management Commission:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Carroll County Solid Waste Management Commission as of and for the years ended June 30, 2021 and 2020, and the related Notes to Financial Statements which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Carroll County Solid Waste Management Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Carroll County Solid Waste Management Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carroll County Solid Waste Management Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Carroll County Solid Waste Management Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in the Carroll County Solid Waste Management Commission's internal control described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (B) and (C) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carroll County Solid Waste Management Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the years ended June 30, 2021 and 2020 are based exclusively on knowledge obtained from procedures performed during our audits of the financial statements of the Commission. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Carroll County Solid Waste Management Commission's Responses to the Findings

The Carroll County Solid Waste Management Commission's responses to the findings identified in our audits are described in the accompanying Schedule of Findings. The Carroll County Solid Waste Management Commission's responses were not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part on an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Carroll County Solid Waste Management Commission during the course of our audits. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller, P.C.

November 9, 2021

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Schedule of Findings
Years ended June 30, 2021 and 2020**

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Commission's financial statements.

Condition – Generally, one individual has control over each of the following areas for the Commission:

1. Accounting system – record keeping for revenues and expenses, and related reporting
2. Receipts – collecting, depositing, journalizing and posting
3. Bank reconciliation – preparation and maintenance of accounting records
4. Payroll – changes to master list, preparation and distribution

Cause – The Commission has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Commission's ability to prevent or detect and correct misstatements, errors, or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff or Commission members.

Response – Due to the limited number of office employees, segregation of duties is very difficult; however, we will have the Director review receipts, postings and payroll on a test basis and bank reconciliations monthly. The Commission's Secretary/Treasurer will review invoices, checks written, bank reconciliations, and accounts receivable balances prior to the monthly executive board meetings.

Conclusion – Response accepted.

(B) Employee Compensation –

Criteria – Any gift cards/certificates, including Chamber dollars, given to employees should be paid through payroll to ensure proper tax withholdings are applied.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Schedule of Findings (Continued)
Years ended June 30, 2021 and 2020**

Condition – Chamber dollars were purchased and given to employees during the current fiscal year for their dedication and diligence working through the COVID-19 pandemic. The Chamber dollars were not paid through payroll as a taxable benefit to the employees.

Cause – Policies have not been established to ensure certain benefits given to employees are processed through payroll.

Effect – Chamber dollars provided to employees were not properly included as a taxable benefit.

Recommendation – The Commission should ensure any benefits provided to employees in the form of gift cards, including Chamber dollars, are processed through payroll as a taxable benefit.

Response – Any benefit provided to an employee in the form of gift cards will be processed through payroll as a taxable benefit.

Conclusion – Response accepted.

(C) Payroll Records Management –

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of financial reporting on a timely basis.

Condition – When the Commission switched accounting software during the year, the payroll deduction for the employee's contribution to IPERS was not coded as pre-tax for Federal and State income tax purposes.

Cause – Policies have not been established to ensure payroll was properly reported after making the software switch.

Effect – The Federal taxable wages on Form 941's for the first and second quarter of 2021 were each overstated by the employee's contribution to IPERS.

Recommendation – The Commission should file amended Form 941's for the first and second quarter of 2021 and ensure payroll is being processed and reported correctly, including the 2021 Form W-2's.

Response – Amended Form 941's will be submitted immediately due to the glitch while switching accounting programs.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

**CARROLL COUNTY SOLID WASTE
MANAGEMENT COMMISSION
Schedule of Findings (Continued)
Years ended June 30, 2021 and 2020**

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Expenses – No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Restricted Donor Activity – No transactions were noted between the Commission, Commission officials, Commission employees and restricted donors in compliance with Chapter 65B of the Code of Iowa.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.
- (5) Solid Waste Tonnage Fees Retained – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Commission’s minutes but were not.
- (7) Financial Assurance – The Commission has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(8) of the Iowa Administrative Code. The calculation is made as follows:

	Cells 1A, 1B, 2A, 2B3, & Eastern Area	Cells 4A, 4B, 5A	Cell 5B/6	Total
Total estimated costs for closure and postclosure care	\$ 2,420,149	1,183,106	689,188	4,292,443
Less: Balance of funds held in the local dedicated fund at June 30, 2020	(2,420,149)	(716,603)	-	(3,136,752)
	-	466,503	689,188	1,155,691
Divided by the number of years remaining in the pay-in period	-	5	9	
Required payment into the local dedicated fund for the year ended June 30, 2021	-	93,301	76,576	169,877
Balance of funds held in the local dedicated fund at June 30, 2020	2,420,149	716,603	-	3,136,752
Required balance of funds to be held in the local dedicated fund at June 30, 2021	\$ 2,420,149	809,904	76,576	3,306,629
Amount Commission has restricted for closure and postclosure care at June 30, 2021	\$ 2,420,149	853,244	76,576	3,349,969

CARROLL COUNTY SOLID WASTE DISPOSAL COMMISSION

Staff

This audit was performed by:

BOWMAN & MILLER, P.C.
Certified Public Accountants
Marshalltown, Iowa

Personnel:

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Elizabeth A. Miller, CPA, Partner